

**2008 – 2009
PERFORMANCE MANAGEMENT
PROGRAM GUIDELINES**



**HEADS OF AGENCIES
AND OTHER
GOVERNOR IN COUNCIL
APPOINTEES**

Senior Personnel and Special Projects Secretariat
Privy Council Office
October 2008

INTRODUCTION

The purpose of this document is to provide an overview of the Performance Management Program as it applies to heads of agencies and other Governor in Council (GiC) appointees eligible for performance pay, other than deputy ministers and chief executive officers of Crown corporations.

PROGRAM OBJECTIVE

The objectives of the Performance Management Program are:

- to encourage excellent performance by setting clear objectives and rigorously evaluating the achievement of results;
- to recognize and reward strong performance and identify under-performance; and
- to provide a framework within which a consistent and equitable approach to performance management can be applied.

COMPENSATION PLAN

The Advisory Committee on Senior Level Retention and Compensation, composed of senior executives from the private and other public sectors, was established in 1997 to provide independent advice to the government on the compensation and overall human resources management matters for public service executives and Governor in Council appointees.

In February 1998, the government accepted the recommendations contained in the First Report of the Advisory Committee. As a result, a new compensation plan for heads of agencies and other Governor in Council appointees was introduced.

As per the Committee's recommendation, cash compensation for senior personnel has two components – base salary and performance pay. Performance pay has two elements – a variable amount (at-risk pay) which must be re-earned each year and a bonus for performance that surpasses expectations. As in the private sector, it would be expected that most senior personnel would receive some at-risk pay.

An effective performance management program is integral to the success of this compensation plan.

PROGRAM COMPONENTS AND APPLICATION

Eligibility

To be eligible for performance pay, incumbents appointed by the Governor in Council must normally hold their positions for at least six (6) consecutive months in the performance cycle. This period allows the incumbent sufficient time to achieve measurable results.

If the period covered by the performance evaluation is more than six months and less than 12 months (a full performance cycle), performance pay, if approved, may be prorated.

This program applies only to the agencies listed in Annex A. Certain GiC appointees performing quasi-judicial or other functions where the receipt of performance pay could be seen as a conflict of interest are not eligible to participate in the program.

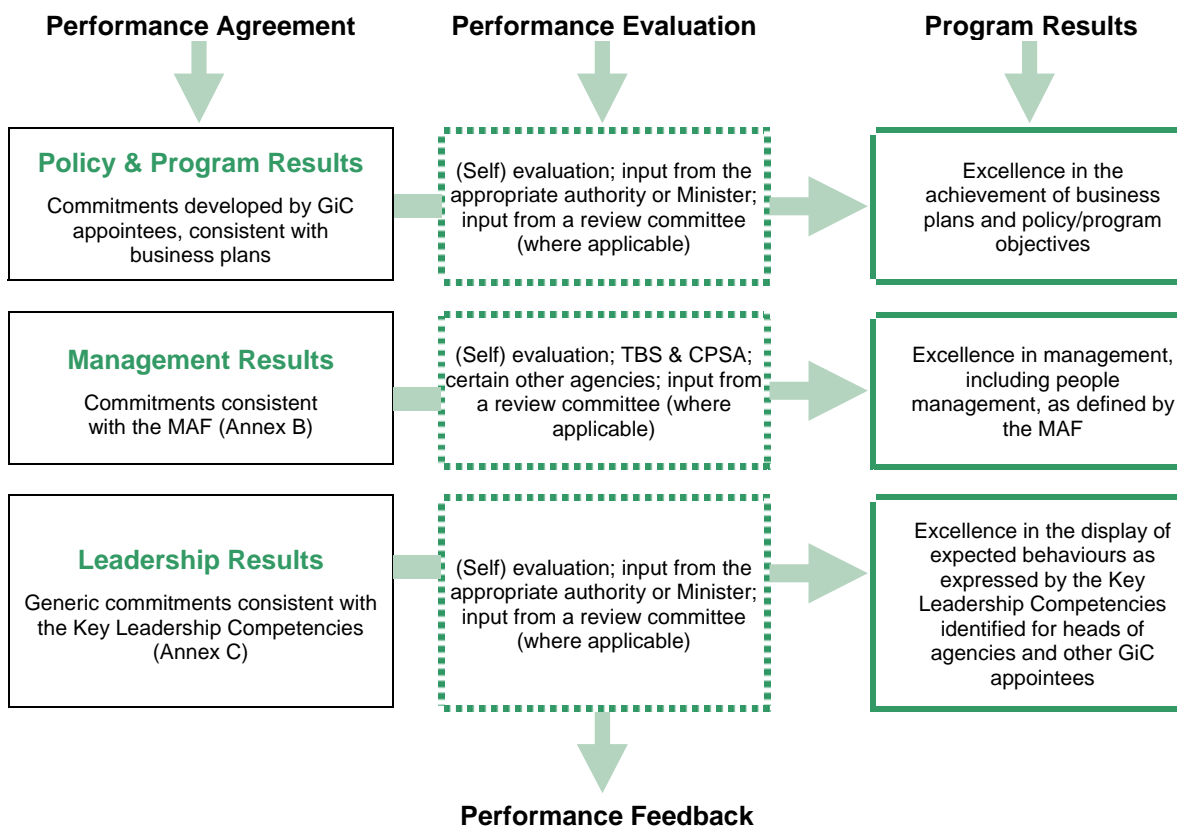
Heads of Mission

Heads of mission appointed by the Governor in Council are also subject to this program. The Department of Foreign Affairs and International Trade (DFAIT) is responsible for the administration of the performance management program for these appointees in accordance with program guidelines and for making recommendations on performance ratings and awards to the Governor in Council.

For heads of mission appointed after January 1st, 2008, if their personal level exceeds that of the position, performance pay will be limited to the classification of the position.

Program Overview

The diagram below summarizes the performance management program.



Process

The performance management process varies from one GiC appointee to another, depending upon factors such as reporting relationships and the nature of the organization and portfolio. The details of the process to follow are provided to each head of agency by the Deputy Secretary to the Cabinet (Senior Personnel and Special Projects), Privy Council Office.

Performance Agreements

The performance agreement is a mutual understanding between the appointee and the appropriate authority as to what is expected for the performance cycle. This performance agreement is comprised of commitments and their related performance measures in the following three categories:

- 1. Policy and Program Results:** These commitments reflect the organization's priority areas of focus during the performance cycle, related to business plans. They are challenging but achievable with effort through the individual's

own influence and control. They must also be results-oriented and measurable or clearly demonstrable. Commitments must be such that the individual will personally make a significant contribution to their achievement. Individuals are expected to develop commitments based on their organization's business plans.

Each commitment must be accompanied by related performance measures which are observations or data that determine and define if and how well the commitments are met. They will form the basis of reporting at the end of the performance cycle.

- 2. Management Results:** Individuals with responsibility and accountability for the management of an organization will also be measured on their progress implementing the management conditions described in the Management Accountability Framework (MAF). The organizational and management accountabilities set out in the MAF (Annex B) translate into generic commitments and serve as benchmarks for expected performance of GiC appointees. ***As such, there is no need for GiC appointees to include specific management results in their performance agreements, unless they wish to highlight a particular initiative.***
- 3. Leadership Results:** These commitments reflect the expected demonstration of the leadership competencies required to carry out successfully the responsibilities of the position. The key leadership competencies (Annex C) are generic commitments and serve as a benchmark for expected performance of GiC appointees. ***As such, there is no need for GiC appointees to include specific leadership results in their performance agreements, unless they wish to highlight a particular initiative.***

Changes to Performance Agreements

Changes may be made to the performance agreement during the performance cycle, in consultation with the appropriate authority.

Performance Evaluation

Input on Performance Evaluation

At the end of the performance cycle, each GiC appointee completes a self-evaluation assessing achievements against the agreed upon commitments. GiC appointees also complete an evaluation of any subordinate GiC appointees in their organization in the same manner. In the case of heads of agencies, a summary of achievements should also be completed in addition to the full (self) evaluation for consideration by a Committee of Senior Officials (COSO) sub-committee.

Additional information is sought by the Privy Council Office, where appropriate, to supplement the (self) evaluations, including:

- the input of the responsible Minister (where applicable);
- the input of the appropriate authority (for officers of Parliament);
- the comments of central agencies including the Treasury Board Secretariat and the Canada Public Service Agency reporting on results in relation to the MAF;
- for heads of agencies, the input of a COSO sub-committee comprised of deputy ministers with portfolio responsibilities that will review performance to ensure consistency in the application of the program and provide advice to the Governor in Council; and
- for heads of mission, the input of a committee of DFAIT senior officials led by the Deputy Minister of Foreign Affairs.

Results of the Evaluation Process

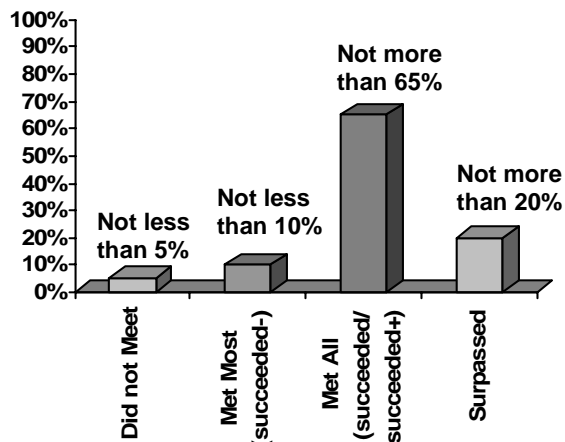
Performance ratings depend not only on each individual's own performance against their commitments, but also on the relative scope and complexity of the challenges they faced. Ratings will be based on results achieved, as well as on the manner in which they were achieved. Demonstration of key leadership competencies in the attainment of results will be recognized and rewarded.

Overall performance is evaluated with the following possible results:

- **Did not Meet /Unable to Assess:**
Did not achieve performance expectations or unable to assess the performance during the cycle (due to leave, training, special assignment).
- **Succeeded –**
Did not fully succeed in meeting performance expectations. Or, while succeeded, it was in a position with performance expectations of less scope and complexity in relation to those of other GiC appointee jobs.
- **Succeeded**
Has fully achieved the performance expectations.
- **Succeeded +**
Exceeded the performance expectations. Or fully succeeded in a position of greater scope and complexity in relation to those of other GiC appointee jobs.
- **Surpassed**
Has surpassed performance expectations.

Rating Distribution

An effective performance management program should demonstrate the following best practice rating distribution which has been endorsed by the Advisory Committee on Senior Level Retention and Compensation:



Performance Pay

The Performance Management Program provides the opportunity to earn the following performance-based compensation:

- **Economic Increase**

The economic increase is recommended annually by the Advisory Committee on Senior Level Retention and Compensation and reflects a percentage increase in base salary. Eligibility for this increase is normally dependent upon the successful achievement of commitments. An economic increase is also awarded in cases where performance is unable to be assessed for reasons such as leave, training, etc. Normally, no economic increase is awarded for performance that does not achieve expectations.
- **In-Range Salary Movement**

Movement through the salary range, up to the maximum of the range, is earned through the successful achievement of commitments. Normal progression for successful performance is 5% per year. Higher or lower percentages may be approved based on the degree of performance against expectations. No in-range salary increase is awarded for performance that does not achieve expectations.
- **At-Risk Pay**

This lump sum payment is equivalent to a percentage of base salary and must be re-earned each year, based on the extent (and manner) to which commitments were successfully achieved. The amount of this lump sum may vary, depending on the degree of success achieved, as outlined under the

section on Performance Evaluation. This payment does not increase an individual's base salary but is included in average salary for pension calculations. At-risk pay can be earned regardless of an individual's position in the salary range; however, no at-risk pay is awarded for performance that does not achieve expectations.

- **Bonus**

This lump sum payment is in addition to at-risk pay and is based on the individual's demonstrated performance that has surpassed expectations. Like at-risk pay, this payment does not increase an individual's base salary but is included in average salary for pension calculations. Bonuses can be earned regardless of an individual's position in the salary range.

In implementing in-range salary increases, at-risk pay and bonuses, the salary used as the base for calculations is that in effect on the last day of the performance cycle; that is, March 31st. Economic increases apply to the upcoming fiscal year and are based on the salary following application of any in-range salary increase.

Summary of Performance Awards

The following table illustrates the range of performance awards available, according to performance achieved and the individual's level:

Compensation Pursuant to the PMP for 2008-2009				
Evaluation Results	Economic Increase	In-Range Increase	At-Risk Pay	Bonus
Did not meet	X	X	X	X
Unable to assess	✓	X	X	X
Succeeded –	✓	✓	✓ GC-1 to 5: up to 5.1% ✓ GC-6 to 9: up to 7.4% ✓ GC-10: up to 8.7%	X
Succeeded	✓	✓	✓ GC-1 to 5: up to 7.85% ✓ GC-6 to 9: up to 12.75% ✓ GC-10: up to 15.25%	X
Succeeded +	✓	✓	✓ GC-1 to 5: up to 10.6% ✓ GC-6 to 9: up to 17.4% ✓ GC-10: up to 20.4%	X
Surpassed	✓	✓	✓ GC-1 to 5: up to 10.6% ✓ GC-6 to 9: up to 17.4% ✓ GC-10: up to 20.4%	✓ GC-1 to 5: up to an additional 3% ✓ GC-6 to 9: up to an additional 6% ✓ GC-10: up to an additional 8%

Approval

Compensation for heads of agencies and other GiC appointees is approved by the Governor in Council. Copies of the Order in Council authorizing payment are provided to the individuals concerned for forwarding to their compensation office for implementation.

Feedback

Emphasis is placed on developing and sharing constructive feedback, including any recommendations for strengthening performance. The appropriate authority will provide performance feedback to heads of agencies and other Governor in Council appointees.

Communications

To ensure transparency and understanding of the program objectives and results, as well as alignment in the organization, individuals are encouraged to share their performance commitments with their organization.

TIMELINES

- | | |
|------------------------|---|
| January – March | <ul style="list-style-type: none">• Heads of agencies and other GiC appointees finalize planning processes, meet with management teams on performance commitments, etc. |
| February | <ul style="list-style-type: none">• Call letters are sent requesting the following:<ul style="list-style-type: none">– performance evaluations;– a concise summary of each full performance evaluation (applies to heads of agencies only); and– performance agreements for the next fiscal year. |
| End of March | <ul style="list-style-type: none">• Evaluations, summaries (if applicable) and new performance agreements are due to the appropriate authority, with a copy to the Deputy Secretary to the Cabinet (Senior Personnel and Special Projects), PCO. |

April – June

- Input on performance is received from various sources such as Ministers, the Treasury Board Secretariat, CPSA, etc.
- A COSO sub-committee meeting is held to review evaluations of heads of agencies, as applicable, to ensure consistency in the application of the performance management program and provide advice to the Governor in Council.
- A meeting of senior DFAIT officials is held to review the performance of heads of mission and make recommendations to the GiC.

July – September

- Performance feedback is provided.

October

- Performance pay is implemented.
- Final amendments to performance agreements for the year in progress are due, including any changes related to the performance feedback received.

Annex A

AGENCIES

- Canada Space Agency
- Canadian Centre for Occupational Health and Safety
- Canadian Centre on Substance Abuse
- Canadian Environmental Assessment Agency
- Canadian Forces
- Canadian Institutes of Health Research
- Canadian Intergovernmental Conference Secretariat
- Commissioner for Federal Judicial Affairs, Office of the
- Coordinator (Status of Women Canada), Office of the
- Financial Transactions and Reports Analysis Centre of Canada
- Governor General, Office of the Secretary
- House of Commons
- International Centre for Human Rights and Democratic Development
- Library and Archives of Canada
- Library of Parliament
- National Battlefields Commission
- National Film Board
- National Research Council of Canada
- National Round Table on the Environment and the Economy
- Natural Sciences and Engineering Research Council
- North American Free Trade Agreement (NAFTA) Secretariat, Canadian Section
- Parks Canada Agency
- Royal Military College of Canada
- Senate
- Social Sciences and Humanities Research Council

Annex B

**Management Results
Generic Commitments**

These commitments reflect the core organizational and management accountabilities, as described in the Management Accountability Framework.

Public Service Values

Through their actions, organizational leaders continually reinforce the importance of public service values and ethics in the delivery of results to Canadians (e.g. democratic, professional, ethical and people values).

Governance and Strategic Directions

The essential conditions – internal coherence, corporate discipline and alignment to outcomes – are in place for providing effective strategic direction, support to the minister and Parliament, and the delivery of results.

Policy and Programs

Organizational research and analytic capacity is developed and sustained to assure high quality policy options, program design and advice to ministers.

People

The organization has the people, work environment and focus on building capacity and leadership to assure its success and a confident future for the Public Service of Canada.

Citizen-Focused Service

Services are citizen-centred, policies and programs are developed from the "outside in", and partnerships are encouraged and effectively managed.

Risk Management

The executive team clearly defines the corporate context and practices for managing organizational and strategic risks proactively.

Stewardship

The organizational control regime (assets, money, people, services, etc.) is integrated and effective, and its underlying principles are clear to all staff.

Accountability

Accountabilities for results are clearly assigned and consistent with resources, and delegations are appropriate to capabilities.

Results and Performance

Relevant information on results (internal, service and program) is gathered and used to make organizational decisions, and public reporting is balanced, transparent, and easy to understand.

Learning, Innovation and Change Management

The organization manages through continuous innovation and transformation, promotes organizational learning, values corporate knowledge, and learns from its performance.

*Individuals should consult the Management Accountability Framework, available online at www.tbs-sct.gc.ca, for a complete understanding of the MAF elements and performance indicators.

Annex C

**Leadership Results
Generic Commitments**

These commitments reflect the expected demonstration of the key leadership competencies required to carry out successfully the responsibilities of the position.

VALUES AND ETHICS – Serving with Integrity and Respect

An effective leader:

- demonstrates values and ethics, including the Code, in personal behaviour;
- integrates values and ethics, including the Code, in organizational practices;
- makes decisions without favouritism or bias;
- models and instills commitment to the organization's mandate, citizen-focused service and the public good;
- provides fearless advice and acts with the courage of his/her convictions;
- recognizes and reconciles conflicting values;
- creates a collaborative, inclusive and diverse culture built on official languages and employment equity policies; and
- models, communicates and builds a culture of respect for people and public service principles.

STRATEGIC THINKING – Innovating through Analysis and Ideas

ANALYSIS

An effective leader:

- frames issues with a thorough understanding of legislation and the subject matter area;
- identifies links between global, societal, and economic trends; stakeholder concerns; the organization's agenda; public service values; and regional and horizontal issues;
- extracts the key issues from complex, ambiguous, rapidly changing contexts; and
- analyzes problems thoroughly before developing solutions.

IDEAS

An effective leader:

- provides quality judgment and advice;
- develops vision and plans based on the broader portfolio and public service vision and policy; and the national and international context;

- projects beyond the status quo to the organization's potential contribution to society;
- sets necessary transformational goals with broad perspectives and long-term timelines;
- encourages debate and ideas from across hierarchies, skills sets, and stakeholders;
- anticipates emerging issues / changing contexts and develops strategies quickly to solve problems or seize opportunities; and
- teaches and learns from others.

ENGAGEMENT – Mobilizing People, Organizations, Partners

An effective leader:

- develops effective working relationships and trust with partners and stakeholders;
- acts as an interface and builds relations between partners and stakeholders;
- mobilizes and motivates teams to achieve objectives;
- builds a commitment to excellence and common purpose by promoting the vision internally and externally;
- creates and collaborates with strategic alliances to achieve organization and shared objectives;
- develops and implements effective communication and engagement strategies with partners;
- builds support through influence, negotiation, and balancing interests;
- removes barriers to collaboration; and
- works with other heads of agencies as a corporate collective to improve efficiency and effectiveness.

MANAGEMENT EXCELLENCE – Delivering through Action Management, People Management, Financial Management

ACTION MANAGEMENT: Design and Execution

An effective leader:

- leads organizational change that maximizes organization and portfolio results;
- builds an effective, sustainable organization through stewardship and governance;
- creates, aligns, and integrates structures, systems, and teams to better achieve objectives;
- integrates the business plan into a transparent management framework;
- integrates comptrollership, the Management Accountability Framework, federal legislation, regulations and policies into organizational practices;
- fulfils obligations of management accountabilities;

- applies and encourages strategic risk management practices;
- integrates human resources, finance, information technology and information management and communications issues into planning and actions;
- revises goals and plans to reflect changing priorities or conditions;
- commits to a course of action despite incomplete information, if required;
- makes decisions, initiates urgent actions, and remains calm in crisis situations; and
- recognizes and acknowledges errors and makes corrections.

PEOPLE MANAGEMENT: Individuals and Workforce

An effective leader:

- invests time in managing and developing people, individually and collectively;
- looks after people and builds staff morale;
- provides clear direction on priorities;
- encourages reasonable and strategic risk taking;
- recognizes and rewards results and deals constructively with setbacks;
- gives clear, honest feedback and manages non-performance;
- builds accountability and value for people management within the executive community;
- provides people with the ongoing learning, support, and tools they need;
- ensures the workforce has the capacity and diversity to meet current and future needs;
- implements rigorous human resources systems and fulfils obligations of human resources management accountabilities; and
- collaborates with other heads of agencies on human resources initiatives and issues.

FINANCIAL MANAGEMENT: Budgets and Assets

An effective leader:

- implements strategies to achieve operational efficiencies and value for money;
- builds, operates, and monitors rigorous systems for Financial Information Management and internal audit and evaluation;
- fulfils obligations of accountabilities for finance and assets management;
- delegates authority, responsibility, and accountability to appropriate levels;
- acts on audit, evaluation, and other objective performance information;
- links financial and performance information; and
- manages stewardship issues actively, e.g. chairs audit and evaluation committees; seeks strategic re-allocation.